

Message Text

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TAGS: ENTR SW

SUBJECT: SWEDISH GOVERNMENT LIFTS GASOLINE RATIONING, RAISES
RETAIL CEILING PRICES OF GASOLINE AND HEATING OILS

REF: STOCKHOLM 4515; STOCKHOLM 163

SUMMARY. IN SERIES OF COORDINATED MOVES, GOVERNMENT
OF SWEDEN LIFTED RATIONING OF GASOLINE AND DIESEL
MOTOR FUEL, EFFECTIVE MIDNIGHT JANUARY 29/30,
ANNOUNCED NEW RETAIL PRICE CEILINGS FOR MOTOR FUELS
AND HOME AND INDUSTRIAL HEATING OILS, AND OUTLINED
TO RIKSDAG BILL TO STIMULATE ECONOMY.
GOS WILL CONTINUE TO REQUIRE OIL COMPANIES TO LIMIT
DELIVERIES OF HOME AND
INDUSTRIAL FUEL OILS UNTIL FURTHER NOTICE. END SUMMARY.

1. MOTOR FUELS. COMMERCE MINISTER KJELL-OLOF FELDT

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ANNOUNCED AT PRESS CONFERENCE EVENING OF JANUARY 29 THAT

GASOLINE RATIONING WOULD BE LIFTED THAT MIDNIGHT. NEW RETAIL PRICE CEILINGS FOR MOTOR FUELS WOULD ALSO BECOME EFFECTIVE JANUARY 30, FELDT SAID. VOLUNTARY SAVING PROGRAM, DETAILS OF WHICH WILL BE ANNOUNCED LATER, WILL REPLACE GASOLINE RATIONING.

2. NEW CEILING PRICES FOR ALL GRADES OF GASOLINE ARE SKR 0.23 HIGHER THAN THOSE IN EFFECT PRIOR TO JANUARY 30. RETAIL PRICE CEILINGS PER LITER ARE NOW SET AT SKR 1.42 FOR 93/94 OCTANE (US \$0.298 AT TELEGRAPHIC EXCHANGE RATE OF SKR 4.76 EQUALS \$1.00 ON JANUARY 30), SKR 1.45 FOR 97/98 OCTANE, SKR 1.45 FOR 99/100 OCTANE, AND SKR 0.63 FOR DIESEL MOTOR FUEL.

3. ACCORDING TO NATIONAL FUEL BOARD, GASOLINE STOCKPILE AMOUNTED TO 1,393,000 CUBIC METERS ON JANUARY 1. GASOLINE SUPPLY IS EXPECTED TO INCREASE BY 1,262,000 CUBIC METERS DURING PERIOD JANUARY 1 TO APRIL 30. IF GASOLINE RATIONING HAD BEEN MAINTAINED, SWEDEN'S GASOLINE CONSUMPTION DURING PERIOD WOULD HAVE TOTALED 1,134,000 CUBIC METERS, RESULTING IN GROWTH OF STOCKPILE TO 1,521,000 CUBIC METERS BY END OF APRIL.

4. FUEL OILS. FUEL BOARD ALSO ANNOUNCED JANUARY 29 THAT EXISTING SYSTEM OF FUEL OIL RATIONING WILL CONTINUE UNTIL FURTHER NOTICE. COMPANIES ARE STILL REQUIRED TO CUT BACK DELIVERIES OF HOME HEATING OIL BY 25 PERCENT AND INDUSTRIAL FUEL OILS BY 10 PERCENT IN CURRENT RATIONING PERIOD WHICH ENDS FEBRUARY 28. IT IS EXPECTED THAT HEATING OILS WILL BE RATIONED AT LEAST THROUGH THE END OF MARCH BUT QUOTAS HAVE NOT YET BEEN SET FOR THIS LATER PERIOD.

5. PRICE CEILINGS FOR FUEL OILS WERE ALSO RAISED SUBSTANTIALLY JANUARY 30. FOR GRADES I AND II HEATING OIL, INCREASE AMOUNTS TO SKR 128 AND FOR OTHER GRADES SKR 188 PER CUBIC METER. FOLLOWING PRICE CEILINGS FOR HEATING OILS NOW PREVAIL. GRADES: I, SKR 528; II, SKR 518; III (NORMAL SULFUR CONTENT) SKR 449; III (LOW SULFUR CONTENT) SKR 483; IV (NORMAL SULFUR UNCLASSIFIED

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CONTENT) SKR 419; IV (LOW SULFUR CONTENT) SKR 458; V (NORMAL SULFUR CONTENT) SKR 404; V (LOW SULFUR CONTENT) SKR 444.

6. PRICE EQUALIZATION FUND. INCREASE IN GASOLINE CEILING PRICES INCLUDE SKR 0.11 SURCHARGE FOR ALL OCTANE LEVELS. CEILING PRICES OF ALL GRADES OF HEATING OIL INCLUDE SURCHARGE OF SKR 40 PER CUBIC METER.

REVENUES COLLECTED FROM SURCHARGE WILL BE DEPOSITED IN SPECIAL FUND TO FINANCE GOVERNMENT PURCHASES OF PETROLEUM PRODUCTS IN OPEN MARKET AT WHAT MAY NECESSARILY BE HIGH PRICES. AT PRESS CONFERENCE FELDT SAID HE HOPED HIGHER GASOLINE PRICES WOULD LOWER CONSUMPTION AND ADDED THAT GASOLINE SURCHARGE COULD BE CHANGED IF SITUATION REQUIRED. HE DEFENDED SURCHARGE BY POINTING OUT THAT ONE-THIRD OF COUNTRY'S IMPORTS OF OIL AND OIL PRODUCTS WERE PURCHASED IN OPEN MARKET.

7. COMMENT. DEBATE ON WHETHER OR NOT GASOLINE RATIONING WAS NECESSARY WAS MOUNTING IN LAST FEW DAYS. LIBERAL PARTY LEADER HELEN LAST WEEKEND QUESTIONED ITS NEED, SAYING THAT IT WAS TIME FOR GOVERNMENT TO LAY ITS CARDS ON TABLE ABOUT AVAILABILITY OF GASOLINE; CENTER PARTY LEADER FALLDIN SECONDED THE THOUGHT A DAY OR TWO AFTERWARDS. POLITICAL PRESSURES OF OPPOSITION COULD HAVE PRECIPITATED GOVERNMENT'S DECISION.

8. NEXT QUESTION IS EFFECT OF HIGHER GASOLINE AND FUEL OIL PRICES ON ECONOMY. IN PRESS CONFERENCE JANUARY 29, COMMERCE MINISTER FELDT ACKNOWLEDGED THAT HIGHER PRICES WOULD PROBABLY PUSH COST OF LIVING INDEX UP BY ONE MORE PERCENTAGE POINT IN 1974. (KONJUNKTURINSTITUT LAST WEEK PREDICTED THAT CONSUMER PRICES WOULD RISE BY ABOUT 10.5 PERCENT IN 1974.) ERIK SVENSSON, EXECUTIVE DIRECTOR OF TENANTS ASSOCIATION, THOUGHT THAT PRICE INCREASE WOULD REDUCE PURCHASING POWER OF PUBLIC BY ABOUT 2 BILLION KRONER. COMMONLY HEARD ESTIMATE IS THAT RENT OF A THREE-ROOM FLAT IN STOCKHOLM WILL GO UP ABOUT SKR 1000 A YEAR AS A RESULT OF PRICE HIKE.

9. TO DEAL WITH EXPECTED DECREASE IN CONSUMER DEMAND, PRIME MINISTER PALME OUTLINED FOR UNCLASSIFIED

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RIDSDAG JANUARY 30 MAIN FEATURES OF BILL GOVERNMENT INTENDS TO INTRODUCE TO STIMULATE ECONOMY. (SEPTTEL). OLSEN

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